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Folio:

JULY 1989

THE MAGAZINE FOR MAGAZINE MANAGEMENT

\$6.50



Launches: Learning from the pros

Nine experienced publishers share the inside stories of their launches. Working within existing publishing companies, they faced challenges different from those encountered by entrepreneurs. Some did exhaustive research; others just said, "Let's do it." But in all cases, the strategic thinking, planning and problem-solving involved provide valuable lessons. **100**

Circulation's new role

The advent of target marketing and the technology to do it mean that circulators of the future will be the nerve centers of a publishing enterprise. They will not only be directing source acquisition, but marshaling the data needed to sell ads and guide new product development. **115**

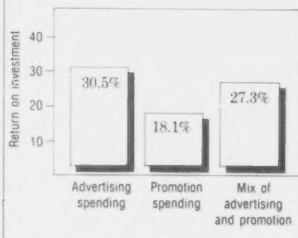
Business magazine ad pages up slightly

While many believe business press ad pages are still flat, ABP members individually report ad pages and revenues somewhat higher, and profits up even more because of efficiencies introduced last year. **21**

Perfect-bound titles offered new technology

Saddle-stitched magazines are no longer the only ones to use selective binding. Three printers now offer the technology to perfect-bound titles, enabling them to provide new ad opportunities. **30**

Ad dollars win in battle for profits



Ad vs. promotion \$

Where is a company's marketing dollar better spent: advertising or promotion? A new study has a surprising answer for publishers. **24**

(unfold →)

July 1989

More printers offer ink-jet 23

As titles like *Time* and *Esquire* gear up to offer targeted editions, printers are leaping to deliver ink-jet technology even to smaller publishing clients.



The use and misuse of quotes 126

Quotes make a difference, enhancing readability and credibility, and adding color and presence. Handling quotes well is a sought-after mark of editorial professionalism.

Managing your total audience 170

Rate negotiation and the advent of giant media companies make total audience management more important than ever. So why aren't more publishers involved?

Elle Decor comes knocking 55

Can Hachette's successful French *Elle Decoration* do for home design in America what *Elle* did for fashion?

TECH TRENDS

Folio

Planning PostScript

For all that desktop publishing has to offer, it can also undo a production program. Here's how to plan your output. 93

Visionary

Upscale consumer magazines are combining desktop page make-up with high-end color systems. 83

Production management

Re-evaluate copy flow, revision policies and schedules to fit new pre-press options. 87

"100 most appalling" feature takes *Spy* into desktop. 83

Apple challenge to PostScript improves screen fonts. 84

Twist, bend, turn display type with TypeStyler. 85

UPDATE

After Select
demise, what next? 21

Fax number replaces
reader service cards. 24

Swapping stories
for ad space. 27

Print auto ads outperform
TV, notes MPA. 27

Regionals find direct mail
alternative. 28

Finding good writers
for less. 32

Media kit on diskette. 33

COLUMNS

Improving editorial morale,
by Rita Stollman. 133

Designing logos,
by John Peter. 139

Conversion perversions,
by Lee Marc Stein. 143

DEPARTMENTS

Briefings 7

Joe Hanson on Magazines 13

Letters 15

Update 21

Magazine People 47

Magazine Watch 55

List Watch 67

Calendar 79

Literature Showcase 146

Classified 159

Point of View 170

Folio:

THE MAGAZINE FOR MAGAZINE MANAGEMENT

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LISTS THAT ARE WORKING FOR ALL PUBLISHERS

Christian Parenting

The new, bi-monthly magazine from D.C. Cook & Virtue Magazine offers upscale, family-oriented consumers.

130,000
Active Subscribers
30,000
Quarterly Hotline
89% Women
94% Direct Mail
\$14.97 Subscription

- list usage goes far beyond the expected
- super opportunity for a significant increase in your sales
- each list has unique strengths
- all 7 offer proven responsive family-oriented consumers

Ideals Magazine Subscribers & Book Buyers

The Ideals list enables you to target mature, educated, highly direct-mail responsive family-oriented traditionalists.

125,000
Active Subscribers
30,000
Book Buyers
Quarterly Hotline Available
• 100% Direct Mail • 95% Women

Christian Herald

Subscribers to the oldest, continuously published Christian magazine in America are traditionalists who put their faith to work in positive ways.

124,000 Active Subscribers
10,000 Average Monthly Hotline
\$15.97 Subscription

Family Bookshelf

Members of the 37-year-old Family Bookshelf are consumers seeking a wide variety of wholesome books for both themselves & their families.

86,000
Active Members
\$55.00 Average Sale

Servant Publications

Servant Book Express delivers highly involved mail-order buyers.

38,954 Catalog Book Buyers
9,532 Audio Cassette Buyers
7,292 Catalog Requestors

Strang Christian Database

A golden opportunity to order the combined universes of Charisma, Ministries Today, & Christian Retailing, as well as Strang's donors, conference attendees, newsletter subscribers, bookbuyers, & inquirers.

573,147 Total File

Charisma & Christian Life

Pull strong response from a broad base of subscribers! Charisma's audience includes professionals, executives, homemakers, white-collar/office, & sales job holders. One-third of subscribers are 55 or older—a rapidly-growing segment of consumers with disposable dollars to spend as they please.

180,000 Active Subscribers
31,000 Quarterly Hotline
75% Women

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UPDATE

return phone calls.

"For the small guy, this is devastating," says Ron Scott, newsstand circulation consultant. Indeed, publishers usually count on the national distributor's advance payment (issued 10 to 30 days after an issue is shipped to the newsstand) to pay printing bills. They also receive two later payments from their national distributors: 90 days and 120 days after sale. Sources now speculate that publishers will be lucky to get 10 cents on every dollar owed them.

To protect themselves, 30 publishers formerly serviced by Select, including Meredith, Viare Publishing, The Starlog Group and Raben Publishing, have hired a lawyer to represent them, says Kanter. "One of the concerns is the bankruptcy judge and bankruptcy trustee, both of whom have not dealt with this industry," says Kanter. "We have to have a unified group to guide them."

Certainly the first to stand in line

for Select's assets, estimated at several million dollars, will be secured creditors, such as those that loaned money for equipment. Investor Riordan, chairman of Family Media, is reported to be fighting for a share of what is left, although he could not be reached for comment.

"No doubt the publishers will take the biggest bath," says John Harrington, president of the Council for Periodical Distributors Associations, "but wholesalers will suffer, too." Indeed, Harrington estimates that half of the approximately 400 wholesaler agents were owed money from Select—and some of them reportedly are taking it out on their publisher clients.

Traditionally, wholesalers advance payments to the national distributor for the allotment of magazines, even though up to 70 percent may ultimately be returned unsold. The national distributor then owes the wholesaler for these returned copies. Some

wholesalers who have been left with debt have asked publishers directly to honor the returns, with a few even threatening not to service publishers who do not make this promise.

Several national distributors were angered by this move, and advised publishers to contact them if the wholesalers don't ease up, according to Frank Herrera, president of ICD/The Hearst Corporation.

"The wholesalers made some enemies with this move," says the circulation director of a small title.

Adding to the tangle are angry retailers who are still owed retail display allowance (RDA) payments from Select. The national distributor may have stopped issuing RDA payments for as many as six financial quarters before it filed for bankruptcy, say several sources. At least one supermarket chain, Albertson's, Inc., wrote publishers with a reminder that the RDA pay-

(CONTINUED ON PAGE 38)

Second class delivery worsens

Business titles suffered in March, states ABP data

Washington, D.C.—Second class delivery took a big drop for semimonthly and monthly publications in March, according to figures newly released from the Association of Busi-

ness Publishers (ABP).

Although the ABP has been monitoring postal delivery for three years, the organization is only now releasing the figures, which show a bad situation getting worse.

On-time delivery for semimonthlies, by USPS standards, was down from 24.5 percent in January-March to 16 percent in March, and dropped from 23 percent to 15 percent for monthlies.

Service was better, however, for weeklies and biweeklies, also monitored by ABP.

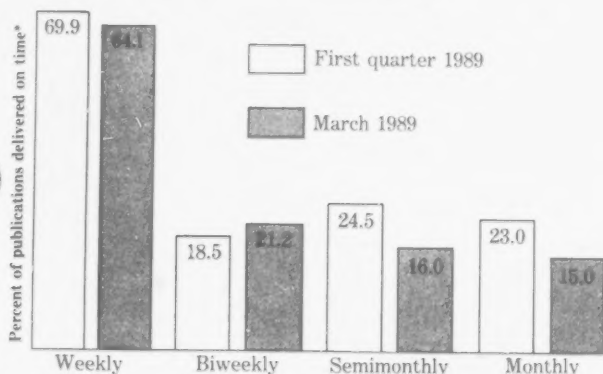
Part of the problem with monthlies, says Richard Moeller, chairman of ABP's Washington legal committee, is that only enough brown bags are currently available for weeklies. The rest of second class mail is still delivered in white bags, which don't get priority treatment. Although second class publications in white bags have red tags to flag special treatment, this doesn't seem to be enough, according to Moeller.

"Perhaps the lack of brown bags isn't the only reason postal service is worsening for monthlies, but it does appear to have an effect," he adds. ABP is pushing the Postal Service to spend the \$10 million necessary to purchase more brown bags.

Currently, 40 publications are participating in the monitoring program; ABP is seeking more magazines for the program, and monthly figures will now be available to the press.

For the last three years, ABP Washington representative Robert Wyman has been meeting with the assistant postmaster general to discuss delivery data region by region. "The post office claims they take the information back to the regions to improve service," says Moeller. But have the meetings helped improve service? "You can see the data," he says.—B.L.

Delivery of business titles slips



*Percentages represent magazines monitored by ABP that met or beat delivery standards by zones set by the United States Postal Service. Source: ABP

Advertising yields higher ROI than sales promotion

Study results are contrary to most marketing plans

New York City—Advertising produces a greater return on investment than sales promotion, according to a recent study completed by the Ogilvy Center for Research & Development together with the Strategic Planning Institute (SPI).

Although the study does not distinguish between print ads and broadcast, "I think the Ogilvy study is right on the mark," says Gloria Scoby, publisher, *Crain's Chicago Business*, and marketing director for the Association of Area Business Publications. "When a study like this is published, sales representatives throughout the country pick up the ball and run with it."

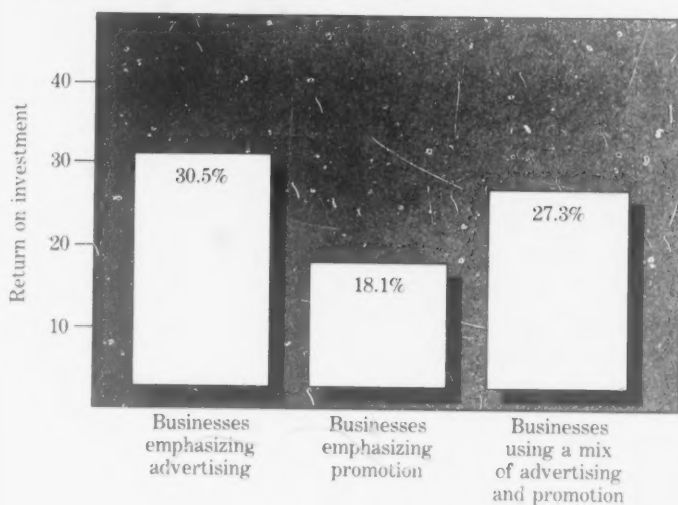
The study measured both the amount of money spent and the profitability of advertising and promotion for 314 consumer nondurable businesses. SPI's consumer goods database includes both marketing and financial information over the past four years.

Results showed that companies spending 66 percent of their marketing dollars in advertising had an average return on investment (ROI) of 30.5 percent; firms that spent 77 percent of their budgets on promotion had an ROI of 18.1 percent. Companies with a mixed budget, spending 44 percent of their dollars on advertising and 56 percent on promotion, enjoyed an ROI of 27.3 percent.

Most businesses, however, spend most of their marketing dollars on promotion. A 1988 *Wall Street Journal* article found that businesses allocated 60 percent of their budgets to promotion and only 40 percent for advertising.

"It is clear that there is a positive relationship between the emphasis on investment in advertising and profitability," says Alexander Biel, executive director of the Ogilvy Center for Research & Development. "Conversely, those businesses that allocate most of their marketing budgets to promotion tend to have lower profit margins and rates of return on investment."—K.S.

Ad dollars win in battle for profits



Although return on investment is clearly higher for advertising, most businesses spend 60 percent of their marketing budgets on promotion.

Fax reader service offered by CMP

Direct ad response eliminates mail delay

Manhasset, N.Y.—A fax inquiry sheet has replaced reader service cards inside every edition of *Electronic World News*.



Fax inquiries are a time-saver for the title's primarily international readership.

World News, CMP Publications Inc.'s latest launch. The sheet, which enables readers to contact advertisers directly, is faster than reader service cards, which travel through the mail.

"We feel it takes too long to process requests," says Noah Osnos, the magazine's marketing manager. "An advertiser wants a quick response." Although the fax inquiries don't allow the magazine to track response, "we'll get pretty good feedback from our customers," says Osnos. "We tend to develop a good relationship with our advertisers. They'll tell us."

In fact, Osnos says advertisers have approached CMP about adding fax inquiry sheets to the company's other magazines. *Electronic World News* will also include a sheet that enables readers to qualify for a subscription by fax.

Facsimile communication, he adds, is especially important because *Electronic World News*' 32,000 circulation is primarily international. Readers can contact advertisers directly and get exact information instead of receiving literature on numerous products.

"In certain high-response industries, like electronics, it seems to me it's